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RUEHLO/AMEMBASSY LONDON PRIORITY 6209
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 2667
RUEHCI/AMCONSUL KOLKATA PRIORITY 4333
RUEHGV/USMISSION GENEVA PRIORITY 2179
RUCNDT/USMISSION USUN NEW YORK PRIORITY 3338
RUEKJCS/SECDEF WASHDC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 001079

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TAGS: [PGOV](#) [PTER](#) [EINV](#) [KDEM](#) [IN](#) [NP](#)

SUBJECT: NEPAL: CONGRESS STILL AT LOOSE ENDS, UML FACING
IDENTITY ISSUES

Classified By: Charge d'Affaires a.i. Randy W. Berry. Reasons 1.4 (b/d
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Summary

1. (C) Former Prime Minister G.P. Koirala revealed to the Ambassador September 15 that the Nepali Congress (NC) might choose someone else to lead the party in the parliament. Subsequent meetings with senior NC leaders, including the party spokesman and the Prime Minister's daughter, gave Emboffs little indication that the NC has come to terms with its current situation. Meanwhile, Communist Party of Nepal - United Marxist Leninist (CPN-UML) General Secretary Jhalanath Khanal told the Ambassador September 16 that it was not easy being a junior partner in a Maoist-led government. The September 19 resignation of Maoist Land Reforms Minister Matrika Yadav resolved for the time being a crisis over Maoist land seizures in the Terai that threatened to bring down the coalition. But Khanal and other senior politicians admit UML's challenges are far from over.

Leadership of NC Up In the Air

2. (C) Nepali Congress (NC) President G.P. Koirala informed the Ambassador September 15 that he was considering letting another Nepali Congress leader head the NC's parliamentary delegation. The former Prime Minister indicated he did not want to see a battle within the party over the issue; the difficulty was finding a consensus candidate. According to party spokesman Arjun Narsingh K.C., there is considerable dissatisfaction within the party over Koirala's leadership, and unhappiness at the prospect of an aged and infirm Koirala becoming the leader of the opposition (Note: a position incorporated into the Interim Constitution at the NC's urging in July). At the same time, K.C. conceded the NC was unable to agree on an alternate candidate. Koirala's daughter Sujata indicated to Emboffs on September 24 that the party had deferred its decision until after the Dashain holidays (i.e., until mid-October). She said she was encouraging her father to step down from the party presidency as well in favor of a younger candidate -- such as herself.

Koirala Concerned About Maoist Intentions

13. (C) The former PM stated to the Ambassador September 15 that, contrary to press speculation, he did not intend to give the new Maoist government a 100-day honeymoon. He was already speaking out against anti-democratic rhetoric and actions by the Communist Party of Nepal - Maoist (CPN-M). Koirala said he was troubled by Maoist talk of establishing a multi-party, non-parliamentary government, and by ongoing abuses by the CPN-M's Young Communist League (YCL). He also noted the inconsistency of Prime Minister Dahal appealing for foreign investment during his trip to India at a time when Maoist-led unions had shut down the local operations of Dabur India, which was the largest foreign investor in Nepal. Koirala said the NC was planning to activate a youth force "in the future," but the former PM's aide claimed it would not be militant.

Playing Second Fiddle Isn't Easy

14. (C) On September 16, Communist Party of Nepal - United Marxist Leninist (CPN-UML) chief Jhalanath Khanal stated that it was not proving easy to be a junior coalition partner to the Maoists. He cited the case of Maoist Minister for Land Reforms Matrika Yadav, who had re-seized land in Siraha district (Terai) on September 15 from which Deputy Prime Minister and Home Minister Bamdev Gautam (CPN-UML) had ordered Maoist-led squatters evicted a day earlier. When Khanal contacted the PM in New Delhi, he said Dahal had appealed for time to resolve the issue. The local press subsequently reported on September 19 that the top Maoist

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leaders ordered Yadav to apologize (engage in "self-criticism") or resign. He chose to resign. On September 20, the cabinet accepted his resignation at a meeting shortly before Dahal departed for the UN General Assembly in New York. A senior Nepali businessman told Emboff September 20 that Deputy Prime Minister Gautam had given PM Dahal an ultimatum: Yadav goes or I go -- and take the CPN-UML with me.

UML Facing Difficulties

15. (C) When challenged by the Ambassador about the activities of the CPN-UML's Youth Force, the CPN-UML General Secretary conceded that the spread of militant youth wings, including the CPN-UML's, could ultimately prompt a new insurgency in Nepal. He added, however, that the Youth Force was necessary to "neutralize" the YCL. Khanal also spoke of the importance of strengthening the police and pointed out the CPN-UML had resisted the temptation to extend the appointments of senior police officials who had reached retirement age. Turnover at the top according to the established rules was good for the Nepal Police and the Armed Police Force. When asked how he intended to differentiate the CPN-UML from its larger CPN-M rival, the CPN-UML General Secretary said the CPN-UML might drop the "United Marxist Leninist" portion of its name at the upcoming national party convention in February. Former Deputy Prime Minister and Foreign Minister K.P. Oli also attempted to defend the Youth Force as necessary to combat YCL excesses but different from the YCL in a subsequent conversation with Emboff.

Comment

16. (C) The September 19 resignation of Land Reforms Minister Yadav allowed Nepal's governing coalition to weather its first major internal crisis since its formation at the end of August. But there will likely be more such crises. Although Yadav is out of the cabinet, he is still a member of the CPN-M's Central Committee and the land seizure he led in the Terai has yet to be reversed. According to Embassy sources, Khanal is facing a possible challenge to his leadership of the CPN-UML at the upcoming party convention. CPN-UML

insiders agree that the party is going to have a hard time carving out a separate identity in time for the next election. As the Indian Political Counselor remarked to Emboff recently, the Government of India's hope had been that the CPN-M would move closer to the CPN-UML in terms of its policies. Instead, the CPN-UML seems to be becoming a pale version of the Maoists. For its part, the NC is still struggling to find its feet five and a half months after its drubbing in the April Constituent Assembly election. Even if a stopgap decision on the party's parliamentary leadership is made, NC leaders, including Sujata Koirala, admit it will take a party general convention to unify the party. The NC convention is not expected until fall 2009.

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